

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

In re:)
) Examination No. 0905-22-TGT
Wesco Insurance Company (NAIC #25011))

ORDER OF THE DIRECTOR

NOW, on this 24th day of OCTOBER, 2011, Director John M. Huff, after consideration and review of the market conduct examination report of Wesco Insurance Company (NAIC #25011), (hereafter referred to as "the Company") report numbered 0905-22-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, and the Stipulation of Settlement ("Stipulation"), does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report is deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §§374.205.3(4) and 374.280, RSMo and §374.046.15. RSMo (Cum. Supp. 2010), is in the public interest.

IT IS THEREFORE ORDERED that, the Company and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that the Company shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of

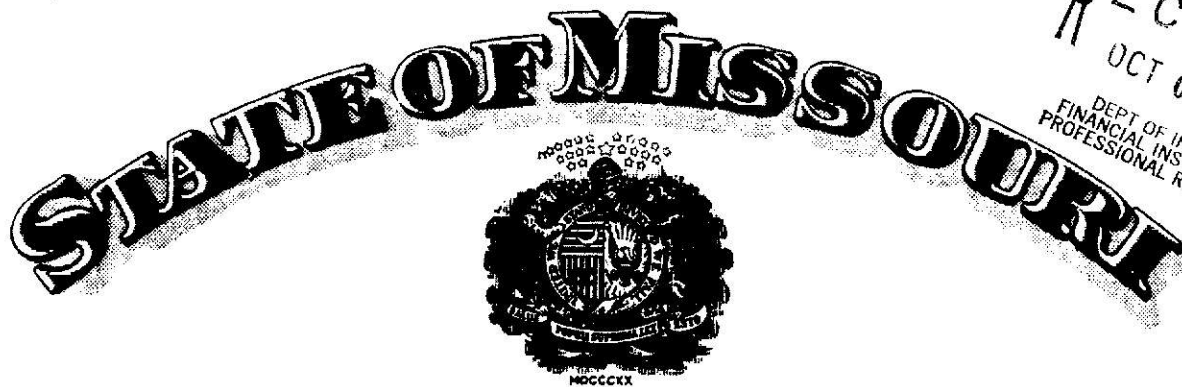
Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that the Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$26,000, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 24th day of OCTOBER, 2011.


John M. Huff
Director



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Wesco Insurance Company
5800 Lombardo Center
Cleveland, OH 44131

RE: Wesco Insurance Company (NAIC #25011)
Missouri Market Conduct Examination #0905-22-TGT

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Wesco Insurance Company (NAIC #25011), (hereafter referred to as "Wesco"), as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Wesco has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Wesco and prepared report number 0905-22-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that in some instances, Wesco failed to correctly apply the variable deductible in its vehicle service contract claims, thereby violating §§385.200(12), 385.210.1, and 385.214.1, RSMo.

WHEREAS, Wesco hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct examination reports do not recur.

WHEREAS, Wesco hereby agrees to review its records to determine if there are any US Fidelis claims administered by Wesco that were not reviewed during the exam. If any such claims are located, Wesco agrees to review the claims to determine if the variable deductible was correctly applied. If any underpayments are discovered, Wesco will issue refunds to consumers. These refunds will include an additional payment of nine per cent (9%) interest per annum, pursuant to §408.020, RSMo. A letter will be included with the refund payments, indicating that "as a result of a Missouri Market Conduct examination," the Company owes a claim adjustment refund on the policy. Additionally, evidence will be provided to the Department that such payments have been made within 90 days after the date of the Order finalizing this examination.

WHEREAS, Wesco is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Wesco, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Wesco hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0905-22-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$26,000.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Wesco to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Wesco does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$26,000, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 9-26-2011



President
Wesco Insurance Company



Wesco Insurance Company

An AmTrust Financial Company

Writer's Direct No. 216-328-6216

Writer's Email: bmoses@amtrustgroup.com

Via Overnight Delivery

March 31, 2011

Ms. Carolyn H. Kerr

Senior Counsel

State of Missouri, Department of Insurance, Financial Institutions
and Professional Registration

Division of Insurance Market Regulation

301 West High Street, Room 530

Jefferson City, Missouri 65102-0690

RECEIVED
APR 01 2011
DEPT OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

RE: Missouri Market Conduct Examination (the "Exam") #0905-22-TGT
Wesco Insurance Company (the "Company") (NAIC #25011)

Dear Ms. Kerr:

This letter is being submitted by the Company in response to the examiners' market conduct Exam report of the above-referenced Company ("Report"), dated February 14, 2011. In accordance with 374.205.3(2), RSMo, and 20 CSR 100-8.018, this letter will serve as the Company's submission or rebuttal with respect to a matter contained in the draft Report.

In Section II(B)(1) of the Report, the Department found that in 26 out of 127 field sample claims files an applicable variable deductible was not applied correctly, resulting in an overcharge or undercharge to the consumers. In addition, the Company voluntarily provided an additional 14 claims that were not included in the census population, for a total of 30 total misapplied deductibles that occurred (both favoring the Company and the consumer).

We believe it is appropriate to point out that the total of 30 misapplied deductibles compares to a total of 240 claims files that were processed during the Exam period.

Moreover, in addition to voluntarily providing supplemental information to the Department, the Company promptly processed refunds to those customers whose claims resulted in underpayments, which ranged between \$25 and \$75 per claim.

As stated during the Exam, the use of deductibles in connection with vehicle service contracts is not typical of Warrantech's practice; it was a relatively unique feature to the book of business sold by US Fidelis and administered by Warrantech (which book is in run-off). Nevertheless, Warrantech undertook to process claims on these VSC's in good faith, and in the most accurate and complete way as possible. Once informed of these cases of inaccurate applications to the deductibles, Warrantech immediately adopted internal procedures to accommodate this aspect of these claims.

1. On December 7, 2010, the date we were notified of the variable deductible issue, the operations divisions at Warrantech submitted a request for development to its information technology unit for the modification to Warrantech's internal program (WINS) to more completely and accurately accommodate a variable deductible in the claims process. The same was approved and development was initiated. The development is completed and in the final stage of verification/testing before Warrantech releases the new version of WINS. The estimated date upon which the revised WINS program will go live is April 4, 2011.
2. Until such time as the revised system is in place, any contract for which a variable deductible is applicable is being administered manually, through a series of checks and steps. All agents and employees whose function is affected by this issue have been retrained to ensure adherence to the appropriate deductible application. Moreover, Warrantech's payment processors review accuracy of each applicable transaction prior to payment disbursement.

We respectfully also point out that although certain actions resulted in misapplied deductibles, that does not mean that Warrantech's adjusters are not properly trained or that Warrantech does not keep accurate claim records. Adjusters are trained on all improvements to Warrantech's system and all pertinent information needed to properly record a claim transaction is stored in Warrantech's system in an orderly and efficient fashion.

As has also been previously noted, on August 20, 2010, the Company's parent organization, AmTrust Financial Services, Inc. ("AmTrust"), through its subsidiary, AMT Warranty Corp. ("AMT"), acquired a 100% ownership interest in Warrantech Corporation on. Prior to this acquisition, AmTrust was a passive, minority interest holder in Warrantech. However, upon this recent acquisition, AmTrust began to institute certain management changes and is currently implementing improved policies and procedures throughout the Warrantech Corporation group. These changes included adopting and documenting numerous updated procedures for outside sellers, claims handling, complaint processing, etc. They are also a part of AmTrust's commitment to not only ensure that all of its subsidiaries maintain updated and proficient operating protocols, but also perpetuate AmTrust's long-standing reputation of trust, ethics, and compliance within the insurance industry.

Thank you for the opportunity to submit this information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Barry W. Moses", with a stylized, cursive script.

Barry W. Moses
Vice President, Regulatory & Compliance

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
Of the Property and Casualty Business of

Wesco Insurance Company
NAIC # 25011

MISSOURI EXAMINATION # 0905-22-TGT

NAIC EXAM TRACKING SYSTEM # M0268-M123

October 20, 2011

Home Office
5800 Lombardo Center, Ste. 200
Cleveland, Ohio, 44131

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FOREWORD

This is a targeted market conduct examination report of the Wesco Insurance Company (The "Company"), (NAIC Code #25011). This examination was conducted at the Office of DIFP, 301 West High Street, Jefferson City, Missouri, 65102.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Company" refers to Wesco Insurance Company;
- "CSR" refers to the Missouri Code of State Regulation;
- "DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Director" refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "NAIC" refers to the National Association of Insurance Commissioners; and
- "RSMo" refers to the Revised Statutes of Missouri.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, and 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2007, through December 31, 2009, unless otherwise noted. However, errors outside of this time period discovered during the course of the examination may also be included in the report.

The examination was a targeted examination involving the following business function and line of business: Company Complaints, Motor Vehicle Warranty Programs Underwriting, and Claims Handling Procedures.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized, however, for reviews not applying the general business practice standard.

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

COMPANY PROFILE

The Company provided the following company profile to the examiners.

Wesco Insurance Company ("WIC") is a stock property and casualty insurer domiciled in the state of Delaware and licensed to conduct business in all 50 states, Washington D.C. and Puerto Rico. Prior to June 1, 2006, WIC was owned by HSBC Group, and utilized primarily for writing certain forms of credit insurance. WIC was acquired by AmTrust Financial Services, Inc. ("AmTrust") on June 1, 2006, predominately to help accelerate the move onto additional lines of property and casualty business for which AmTrust purchased renewal rights from another carrier on a nationwide level. The major lines of business currently written by WIC throughout the country include workers' compensation, other liability – occurrence, property, inland Marine, commercial auto, credit and warranty insurance.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Wesco Insurance Company. The examiners found the following principal areas of concern:

- The examiners found 40 violations in the Company's vehicle service warranty claim files.

The examiners requested that the Company make refunds concerning underwriting premium overcharges and claim underpayments for amounts greater than \$5.00 during the examination.

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING PRACTICES

This section of the report is designed to provide a review of the Company's underwriting and rating practices. These practices included the use of contract forms, adherence to underwriting guidelines, and assessment of premium. Examiners reviewed how the Company handled new contracts to ensure the Company underwrote and rated risks according to their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

Because of the time and cost involved in reviewing each contract/underwriting file, the examiners utilize sampling techniques in conducting compliance testing. A contract/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the *NAIC Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and §375.445) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general business practice contrary to the law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

The examiners requested the Company's underwriting and rating manuals for the line of business under review. This included all rates, guidelines, and rules that were in effect on the first day of the examination period and at any point during that period to ensure that the examiners could properly rate each policy reviewed.

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners systematically selected the policies for review from a listing furnished by the Company.

The examiners also requested a written description of significant underwriting and rating changes that occurred during the examination period for underwriting files that were maintained in an electronic format.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the company's underwriting guidelines, incomplete file information preventing the examiners from readily ascertaining the company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

A. Forms and Filings

The examiners reviewed the Company's contract forms to determine its compliance with filing, approval, and content requirements to ensure that the contract language is not ambiguous or misleading and is adequate to protect those insured.

B. Underwriting and Rating

The examiners reviewed applications for coverage that were issued, modified, or declined by the Company to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria.

1. Vehicle Service Contracts (US Fidelis)

Field Size:	204
Sample Size:	204
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

2. Vehicle Service Contracts (Warrentech)

Field Size:	2457
Sample Size:	106
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

3. Vehicle Service Contracts (AMT)

Field Size:	17
Sample Size:	17
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

4. Vehicle Service Contracts (Ownerguard)

Field Size:	6
Sample Size:	6
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

C. Practices Not in the Best Interest of Consumers

The examiners also looked for items that were not in the best interest of consumers. Not only could these practices be harmful to the insured, they may expose the company to potential liability.

The examiners discovered no general business practice issues in this review.

II. CLAIMS PRACTICES

This section of the report is designed to provide a review of the Company's claims handling practices. Examiners reviewed how the Company handled claims to determine the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of Missouri claims selected from a listing furnished by the Company with a date of closing from January 1, 2007, through December 31, 2009.

A claim file is determined in accordance with 20 CSR 100-8.040 and the *NAIC Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.1000 – 375.1018 and §375.445) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark error rate[s] are presumed to indicate a general business practice contrary to the law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

A claim error includes, but is not limited to, any of the following:

- An unreasonable delay in the acknowledgement of a claim,
- An unreasonable delay in the investigation of a claim,
- An unreasonable delay in the payment or denial of a claim,
- A failure to calculate claim benefits correctly; and
- A failure to comply with Missouri law regarding claim settlement practices.

The examiners reviewed the claim files for timeliness. In determining timeliness, examiners looked at the duration of time the Company used to acknowledge the receipt of the claim, the time for investigation of the claim, and the time to make payment or provide a written denial.

Missouri statutes require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is presented. Claim

denials must be given to the claimant in writing, and the Company must maintain a copy in its claim files.

A. Claims Time Studies

To test for compliance with timeliness standards, the examiners reviewed claim records and calculated the amount of time taken by the Company for claims processing. They reviewed the Company's claims processing practices relating to (1) the acknowledgement of receipt of notification of claims; (2) the investigation of claims; and (3) the payment of claims or the providing of an explanation for the denial of claims.

The examiners discovered no issues or concerns.

B. Unfair Settlement and General Handling Practices

In addition to the Claim Time Studies, examiners reviewed the Company's claim handling processes to determine compliance with contract provisions and adherence to unfair claims statutes and regulations. Whenever a claim file reflected that the Company failed to meet these standards, the examiners cited it for noncompliance.

1. Vehicle Service Contracts All Claims (US Fidelis)

Field Size:	127
Sample Size:	127
Type of Sample:	Census
Number of Errors:	26
Error Ratio:	20%
Within DIFP Guidelines:	No

The variable deductible was not applied correctly in the following 26 claims, resulting in an overcharge or undercharge to the consumers.

<u>Claim Number</u>	<u>Claim Payment</u>	<u>Deductible amount overpaid</u>	<u>Interest</u>	<u>Total Refund</u>	<u>Deductible amount underpaid</u>
8052800519	\$21.69	\$50.00	\$11.27	\$61.27	
8060500063	\$187.25	\$50.00	\$11.11	\$61.11	
8060600071	\$182.75	\$50.00	\$11.21	\$61.21	
8061000201	\$98.02	\$75.00	\$16.42	\$91.42	
8070900455	\$78.80	\$50.00	\$10.78	\$60.78	
8071800411	\$380.10	\$50.00	\$10.62	\$60.62	
8072400174	\$216.21	\$50.00	\$10.26	\$60.26	
8072400348	\$232.99	\$50.00	\$10.60	\$60.60	
8080500365	\$869.63	\$25.00	\$5.22	\$30.22	
8090800049	\$141.96	\$75.00	\$15.11	\$90.11	
8092400089	\$97.50	\$50.00	\$9.58	\$59.58	
8092400189	\$51.66	\$50.00	\$9.80	\$59.80	
8100700368	\$907.23	\$25.00	\$4.75	\$29.75	
8121800181	\$124.52	\$75.00	\$13.21	\$88.21	
9010500489	\$493.09	\$50.00	\$8.53	\$58.53	
9020500240	\$257.67	\$50.00	\$8.16	\$58.16	
9021000114	\$321.70	\$50.00	\$7.76	\$57.76	
9021600361	\$506.51	\$25.00	\$4.01	\$29.01	
9030200063	\$555.99	\$50.00	\$7.85	\$57.85	
9031900107	\$574.05	\$50.00	\$7.21	\$57.21	
9061800016	\$155.93	\$50.00	\$6.55	\$56.55	
9102300263	\$166.10	\$50.00	\$4.91	\$54.91	
9110200273	\$95.00	\$50.00	\$4.81	\$54.81	
9060300093	\$151.31	\$25.00	\$3.36	\$28.36	
9032500302					\$25.00
9073100041					\$25.00
TOTALS		\$1,175.00	\$213.09	\$1,388.09	\$50.00

References: §§385.200(12), 385.210.1, 385.214.1, and 408.020, RSMo, and the Company's US Fidelis Coverage Policy for Platinum, Gold, Powertrain "Plus", Powertrain and Powertrain "Wrap."

The Company voluntarily provided the following 14 claims that were not reported to Missouri. These claims were not in the census population.

<u>Claim Number</u>	<u>Claim Payment</u>	<u>Deductible amount overpaid</u>	<u>Interest</u>	<u>Total Refund</u>	<u>Deductible amount underpaid</u>
8052200448	\$46.36	\$75.00	\$16.59	\$91.59	
8070700112	\$244.50	\$50.00	\$9.63	\$59.63	
8071800204	\$92.88	\$25.00	\$5.36	\$30.36	
8072300406	\$1,478.10	\$100.00	\$19.26	\$119.26	
8072900337	\$793.20	\$25.00	\$5.26	\$30.26	
8092500299	\$309.16	\$50.00	\$8.38	\$58.38	
8102100197	\$456.92	\$50.00	\$9.47	\$59.47	
9012600229	\$410.08	\$50.00	\$8.30	\$58.30	
9021700189	\$729.72	\$25.00	\$4.02	\$29.02	
9041500199	\$446.24	\$50.00	\$7.35	\$57.35	
9083100242	\$342.65	\$50.00	\$5.36	\$55.36	
8060200426					\$25.00
9040800207					\$25.00
9091800151					\$25.00
TOTALS		\$550.00	\$98.98	\$648.98	\$75.00

References: §§385.210.1, 385.214.1, and 408.020, RSMo, and the Company's US Fidelis Coverage Policy for Platinum, Gold, Powertrain "Plus", Powertrain and Powertrain "Wrap"

2. Vehicle Service Contracts All Claims (Warrentech)

Field Size: 1288
Sample Size: 110
Type of Sample: Random
Number of Errors: 0
Error Ratio: 0%
Within DIFP Guidelines: Yes

3. Vehicle Service Contracts All Claims (AMT Warranty)

Field Size: 1
Sample Size: 1
Type of Sample: Census
Number of Errors: 0
Error Ratio: 0%
Within DIFP Guidelines: Yes

4. Vehicle Service Contracts All Claims (OwnerGuard)

Field Size:	0
Sample Size:	0
Type of Sample:	None
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

C. Practices Not in the Best Interest of Consumers

The examiners also looked for items that were not in the best interest of consumers. Not only could these practices be harmful to the insured, they may expose the company to potential liability.

The examiners discovered no general business practice issues in this review.

III. COMPLAINTS

This section of the report is designed to provide a review of the Company's complaint handling practices. Examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

Section 375.936(3), RSMo, requires companies to maintain a registry of all written complaints received for the last three years. The registry must include all Missouri complaints, including those sent to the DIFP and those sent directly to the company.

The examiners verified the one complaint from the Company's complaint registry and the Department's list, dated January 1, 2007, through December 31, 2009. The registry did not have any complaints that did not come through the Department.

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936(3), RSMo, and 20 CSR 100-8.240.

The examiners discovered no issues or concerns.

IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	6	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	6	100%

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040.

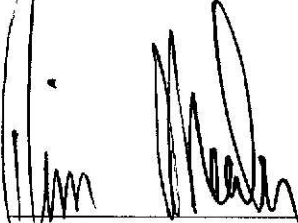
B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	7	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	7	100%

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040.

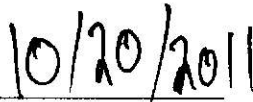
EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Wesco Insurance Company (NAIC #25011), Examination Number 0905-22-TGT. This examination was conducted by Gary T. Meyer, Gerald Michitsch, Darren Jordan, and Shelly Herzing. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated February 14, 2011. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.



Jim Mealer

Chief Market Conduct Examiner

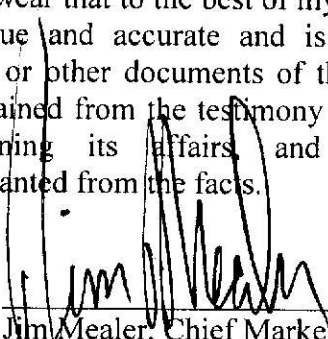


Date

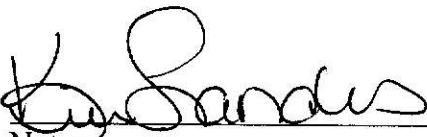
STATE OF Missouri)
COUNTY OF Cole)

VERIFICATION OF WRITTEN REPORT OF EXAMINATION

I, Jim Mealer, on my oath swear that to the best of my knowledge and belief, the attached Examination Report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as reasonably warranted from the facts.


Jim Mealer, Chief Market Conduct Examiner
Department of Insurance, Financial Institutions &
Professional Registration,
State of Missouri

Sworn to and subscribed before me this 27th day of October, 2011.


Notary

My commission expires: May 18, 2012

